Company Registration No. 01765119 (England and Wales)

W H LONGMAN & SONS (FARMHOUSE CHEESEMAKERS) LTD

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

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W H LONGMAN & SONS (FARMHOUSE CHEESEMAKERS) LTD

CONTENTS

W H LONGMAN & SONS (FARMHOUSE CHEESEMAKERS) LTD

BALANCE SHEET

AS AT 31 OCTOBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	3		29,167		54,167
Tangible assets	4		3,527,229		3,469,074
Investments	5		16,601		16,601
			3,572,997		3,539,842
Current assets					
Stocks		42,574		43,852	
Debtors	6	377,339		355,818	
Cash at bank and in hand		44,172		66,228	
		464,085		465,898	
Creditors: amounts falling due within one year	7	(5,391,048)		(5,455,342)	
Net current liabilities			(4,926,963)		(4,989,444)
Total assets less current liabilities			(1,353,966)		(1,449,602)
Creditors: amounts falling due after more than one year	8		(23,292)		(55,042)
Provisions for liabilities			(244,800)		(254,962)
Net liabilities			(1,622,058)		(1,759,606)
Capital and reserves					
Called up share capital	9		3,408,726		3,408,726
Revaluation reserve	10		1,875,310		1,865,148
Profit and loss reserves			(6,906,094)		(7,033,480)
Total equity			(1,622,058)		(1,759,606)

W H LONGMAN & SONS (FARMHOUSE CHEESEMAKERS) LTD

BALANCE SHEET (CONTINUED)

AS AT 31 OCTOBER 2018

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 October 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7.4.20 and are signed on its behalf by:

....

J E W Longman
Director

Company Registration No. 01765119

1 Accounting policies

Company information

W H Longman & Sons (Farmhouse Cheesemakers) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Down Ash Park, Sparkford, Yeovil, Somerset, BA22 7LH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1 Accounting policies **(Continued)**

1.2 Going concern

The directors have prepared the accounts on a going concern basis and have set out details of their assessment and information regarding any material uncertainties, as required by FRS 102, below:

The directors took the decision to cease to manufacture cheese in 2012 having identified that such activity was the fundamental cause of the losses suffered by the company.

Subsequently, the company financial performance has improved with company losses reducing in each year since the cessation of cheese manufacture, and profits having been generated for the prior period and the current year ending 31 October 2018. Notwithstanding that, the balance sheet shows net liabilities of £1.62m.

The directors are continuing to develop brand awareness and to establish further distribution channels for the Vale of Camelot cheese brand, leveraging the Longman family heritage in order to build a cheese brand synonymous with the West Country. At the same time the core dairy farming activities have been streamlined to ensure that they are as efficient as possible maximising profitability for shareholders and further reinvestment is planned to boost production and increase profitability.

It is still the intention of the directors of the parent company, Barrow Court (Holdings) Limited, to forgive the amounts owed by W H Longman & Sons (Farmhouse Cheesemakers) Limited to Barrow Court (Holdings) Limited, thereby restoring the company to a position of net equity. The directors believe that the core trading activities will generate future profits and will provide a stable financial platform upon which to grow the business.

At the time of writing there is large scale uncertainty with regards to the effect of coronavirus on the industry in which the company operates and on the global economy. The directors have assessed possible future scenarios and the company is taking all reasonable measures to ensure the business can continue for the foreseeable future.

In light of the above, and whilst the director's acknowledge the uncertainty arising from the net liability position, the directors have a reasonable expectation that the recent group reorganisation will result in the remaining operations generating sufficient cash and profit within the next 12 months, ensuring that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Landscape scheme income is recognised when soil has been received on site, it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Basic Payment Scheme	Straight line over five years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	Not depreciated
Production Herd	20% straight line
Plant and machinery	12.5% - 15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property included within the financial statements has not been depreciated on the grounds that the depreciation charge and accumulated depreciation are immaterial, due to the high residual value of the property and the property having a long useful economic life. This is a departure from the Companies Act 2006, which requires all property, plant and equipment to be depreciated. The directors consider that this policy results in the financial statements presenting a true and fair view.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 1 (2017 - 1).

3 Intangible fixed assets

	Basic Payment Scheme £
Cost	
At 1 November 2017 and 31 October 2018	125,000
Amortisation and impairment	
At 1 November 2017	70,833
Amortisation charged for the year	25,000
At 31 October 2018	95,833
Carrying amount	
At 31 October 2018	29,167
At 31 October 2017	54,167

4 Tangible fixed assets

	Freehold property	Production Herd	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2017	3,268,557	179,467	171,850	104,400	3,724,274
Additions	76,353	29,449	1,458	-	107,260
Disposals	-	(29,106)	-	-	(29,106)
At 31 October 2018	3,344,910	179,810	173,308	104,400	3,802,428
Depreciation and impairment					
At 1 November 2017	-	60,878	142,536	51,786	255,200
Depreciation charged in the year	-	18,000	4,451	13,154	35,605
Eliminated in respect of disposals	-	(15,606)	-	-	(15,606)
At 31 October 2018	-	63,272	146,987	64,940	275,199
Carrying amount					
At 31 October 2018	3,344,910	116,538	26,321	39,460	3,527,229
At 31 October 2017	3,268,557	118,589	29,314	52,614	3,469,074

Land and buildings with a carrying amount of £3.08m were revalued at 21 February 2014 by Cooper & Tanner, Chartered Surveyors of Glastonbury, Somerset, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018	2017
	£	£
Cost	1,207,838	1,136,976
Accumulated depreciation	-	-
Carrying value	1,207,838	1,136,976

The revaluation surplus is disclosed in note 10.

5 Fixed asset investments

	2018	2017
	£	£
Investments	16,601	16,601

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 November 2017 & 31 October 2018	16,601
Carrying amount	
At 31 October 2018	16,601
At 31 October 2017	16,601

6 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	271,233	223,649
Other debtors	106,106	132,169
	377,339	355,818

7 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	1,311	611
Trade creditors	395,523	364,908
Amounts owed to group undertakings	4,612,201	4,787,165
Taxation and social security	46,245	19,450
Other creditors	335,768	283,208
	5,391,048	5,455,342

Included within other creditors are hire purchase liabilities totalling £6,750 which are secured against the assets to which they relate.

8 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Other creditors	23,292	55,042

Included within other creditors are hire purchase liabilities totalling £19,125 which are secured against the assets to which they relate.

9 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
34,000,864 Ordinary of 10p each	3,400,086	3,400,086
8,640 Participating non voting of £1 each	8,640	8,640
	3,408,726	3,408,726

Each Ordinary share is entitled to one share in any circumstance.

Each non voting share has equal rights.

10 Revaluation reserve

	2018	2017
	£	£
At the beginning of the year	1,865,148	1,848,472
Deferred tax on revaluation of tangible assets	10,162	16,676
At the end of the year	1,875,310	1,865,148

11 Financial commitments, guarantees and contingent liabilities

The company has provided a guarantee on behalf of the parent company in favour of The Agricultural Mortgage Corporation plc. Security has been provided by way of legal mortgage over the company's freehold property and fixed charges over the company's other assets. At the reporting end date the liabilities for which security has been provided totalled £1,032,945 (2017 - £1,032,945).

12 Directors' transactions

Description	% Rate	Opening balance	Amounts advanced	Interest charged	Amounts repaid	Closing balance
		£	£	£	£	£
Director's loan account	2.50	-	32,307	297	(32,310)	294
		-	32,307	297	(32,310)	294